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C O N F I D E N T I A L SECTION 01 OF 05 LILONGWE 000122

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SUBJECT: AMBASSADOR TALKS ELECTIONS, U.S. COOPERATION WITH
PRESIDENT MUTHARIKA

REF: LILONGWE 36

LILONGWE 00000122 001.2 OF 005

Classified By: Classified by Ambassador Peter W. Bodde for reasons 1.4
(a), (b), and (d).

11. (C) Summary: Ambassador had a lengthy one-on-one meeting with President Mutharika on Monday, March 2nd. The cordial and wide-ranging discussion covered expanded U.S. assistance for economic development, particularly agriculture; Malawi's Millennium Challenge Corporation compact status; USG support for Malawi's upcoming peacekeeping deployment, ongoing USG HIV/AIDS and malaria eradication programs; enhancing family planning programs; encouraging private investment, and Malawi's upcoming national elections. On all these issues, the USG and President Mutharika are on the same page. The President's willingness to engage in the discussion was an indication of his desire to maintain a positive working relationship with the United States. This is particularly significant given the Ambassador's recent, acrimonious meeting with Mutharika on elections. Despite its challenges, Malawi holds the potential to become a notable African success over the next several years. End Summary

12. (SBU) The Ambassador met President Mutharika on Monday, March 2nd to discuss a wide variety of ongoing USG programs supporting Malawi's development and young democracy. The meeting was at the request of the Ambassador. The exchange was frank and cordial and enabled the Ambassador to elicit President Mutharika's feedback on a number of ongoing USG efforts in Malawi.

Deepening Partnerships on AIDS and Malaria

13. (SBU) The Ambassador opened the meeting with a quick review of ongoing USG efforts in the HIV area. He noted that Malawi was selected to receive an additional 20 million dollars per year over the next five years to help prevent and treat HIV/AIDS. The bulk of these funds would be used to enhance the Government of Malawi's capabilities in this regard. The President explained to President Mutharika the need to negotiate and sign a new partnership framework between the two governments in order to facilitate the increased expenditures. Ambassador further noted that he wished to get this framework completed before June 1, which would be difficult in light of the upcoming Malawi campaign season. President Mutharika responded that he understood the urgency and would do his utmost to ensure that it happened.

14. (C) The Ambassador then provided President Mutharika with an update on our ongoing Presidential Malaria Initiative (PMI) efforts in Malawi. He noted that the USG was ready and able to do more but that additional actions on our part would require a substantial increase in focus by the Government of Malawi. The Ambassador asked that President Mutharika increase the level of attention and resources that the GOM is currently dedicating to this issue. USG experts had told him that the eradication of malaria in Malawi was a distinct possibility should current programs be expanded and greater cooperation exist between Malawi and its affected neighbors. Mutharika responded that he understood the seriousness of the problem and the dramatic impact malaria had on public health as well as its devastating negative impact on Malawi's economy. He indicated he would engage on the issue.

Wealth Creation Through Private Investment

15. (SBU) The Ambassador highlighted the USG's current plans to expand US assistance in the economic growth area. He noted that while our health and humanitarian assistance was critical, we had to now focus on sustainability, which would only be possible if Malawi could sustain rapid economic growth. Malawi had reached the point where it was necessary not to focus not just on poverty alleviation, but also on wealth creation. The Ambassador shared President Mutharika's views that this would only be possible through the development of a viable commercial, agricultural sector. This is where the USG intended to provide more assistance for economic growth.

16. (SBU) President Mutharika responded that he welcomed this development and noted that he had consistently argued that

LILONGWE 00000122 002.2 OF 005

all of the donors' efforts in combating HIV/AIDS would only be sustainable with concurrent spending to promote economic growth. He talked about his efforts to enhance food security in Malawi by providing access to subsidized fertilizer for farmers. The challenge now was how to make this sustainable on a commercial basis. He and the Ambassador agreed that this could only be done by developing Malawi's private/commercial agricultural sector. The Ambassador then noted that he shared President Mutharika's vision of a "green belt" surrounding Lake Malawi, drawing on its waters to provide managed and ecologically sound irrigation.

Traditional Leaders Key to Family Planning

17. (C) The Ambassador suggested that Malawi would not reach its goal to become the bread basket for southern Africa until it successfully dealt with its explosive population growth. Mutharika agreed that population growth and family planning had become a critical issue that needed immediate attention. He felt that most Malawian families now understood that having six or seven children substantially reduced their standard of living as well as their ability to provide for their families. The relatively small land holdings of most family farms could not provide for large families. The time was right for a concerted effort to deal with family planning, Mutharika said, but added several notes of caution. He recalled how the colonial powers had "made a few clumsy efforts" in this regard, but they have been complete failures because they were viewed as a disguised campaign to keep Malawians in their place. He noted that times had changed and Malawians would welcome access to family planning if the programs were well managed and seen as Malawian. He further noted that it was essential to seek the assistance and approval of the traditional leaders in the village communities throughout Malawi. He believed his government could do this. The Ambassador thanked the President for his insights said he would relay this to program implementers.

Human Capacity Issues

¶18. (SBU) The Ambassador noted his concern regarding the overwhelming human capacity deficit facing Malawi. He described the problem of a "circle of 200": anytime the USG the GOM or other donor partners seek to hire either a technical expert or a senior program manager, they are all competing with each other from the same limited circle of approximately 200 professional Malawians. That shortage of talent impacted virtually all of our assistance efforts and seemed to be limiting factor in the GOM's efforts to improve governance in Malawi as well. He shared his frustration that he did not have any easy or timely solutions to offer the President.

¶19. (SBU) President Mutharika responded that human capacity shortfall remained a major issue that overshadowed all of his government's development and governance programs. Any real solution would have to rely first on Malawian institutions and, to the extent necessary, southern African institutions of higher education in neighboring countries. The President raised the possibility of creating an inventory of the skill sets available throughout the Malawian Diaspora located primarily in the UK and the US. This group was a talented one that would likely be willing to return when asked on a short-term basis to provide training and other practical assistance to both the private and public sector. COMMENT: Post believes President Mutharika's idea has merit and will be exploring ways of creating such a data base comparable to that used by the International Executive Service Corp. We also agree that the best solutions to this issue are strengthening local institutions and taking advantage of existing higher education opportunities in neighboring countries. Post would like to re-prioritize some of our resources to immediately address this issue. We have already identified the problem in both USAID planning documents and the Mission strategic plan. END COMMENT.

MCC: A Long Road

¶10. (C) The Ambassador provided President Mutharika with an update on the progress made towards a compact between the

LILONGWE 00000122 003.2 OF 005

Millennium Challenge Corporation and the GOM. He indicated that the GOM's MCA team had made good progress on its concept papers, which should be submitted in the next few weeks for review by the MCC. The target date for a signed compact was June 2010. President Mutharika responded by gently venting his frustration at the lengthy time line necessary for completing a compact. NOTE: While the Ambassador did not discuss the future of MCC funding levels with the president, post is greatly concerned that the lengthy process -- or USG budget constraints -- could eventually result in a compact funded at levels far below those needed or those expected. We understand that this issue is much larger than Malawi, but want to note for the record that we see a potential train wreck both in terms of policy and public diplomacy if funding for the compact falls far short. END NOTE.

Making Private Investment Easier

¶11. (C) The Ambassador briefed President Mutharika on the US mission's efforts to encourage private sector investment in Malawi. He noted that while the GOM welcomed such investment in principle, its policies and practices were still cumbersome and in fact discouraged some investments. The Ambassador compared Malawi's half-hearted efforts with the

pro-active and highly developed program the Government of South Africa had already put in place to promote investment. He proposed using some of the increased economic development funding Malawi was scheduled to receive to help in this endeavor. He asked President Mutharika,s concurrence in helping the GOM develop a one-window investment approval procedure that would facilitate FDI in Malawi. The Ambassador said he had been approached by representatives of the USG-sponsored Southern African Development Fund seeking to increase their limited investments in Malawi. He added that the Mission planned to cosponsor a symposium to increase the number of manufacturers taking advantage of AGOA legislation that allowed for duty free access to US markets for virtually all goods produced in Malawi.

¶12. (C) Mutharika thanked the Ambassador for his efforts in this regard and welcomed any and all suggestions to increase Malawi,s industrial base. The most promising areas in his view included food processing and exports of food stuffs. He described how he had told manufacturers that they would have to do more to ensure quality in order to increase sales in the United States or Europe. He noted that the concept of marketing and developing products for export markets was virtually unknown in Malawi. That said, he felt that with the right partners and foreign investors, significant progress could be quickly made that would substantially increase Malawi,s export income.

ACOTA Training for MDF Deployment to Chad

¶13. (SBU) The Ambassador also briefed on the ongoing, U.S.-funded training of 800 Malawi Defense Force troops for UN peacekeeping operations. Ambassador explained that the USG had been able to respond positively to a short-notice request to support the MDF,s deployment to the UN Mission in Chad/CAR. The USG's ACOTA program had set up relevant training and limited equipment provision in a matter of weeks. The Ambassador noted that while we were happy to provide such training, it would be helpful for President Mutharika to reiterate to all responsible ministries just how high a priority he himself placed on MDF forces being engaged in UN peacekeeping operations. The Ambassador noted that it was essential that the trained troops remain together as a unit and continue to train even after they return from their scheduled deployment, which begins in October. President Mutharika responded that he appreciated the update about the training because he had not been fully briefed on the deployment. He made a note to officially thank the United States for its assistance in this regard.

Upcoming Elections

¶14. (C) The Ambassador reported that he had highlighted in recent speech President Mutharika,s clearly stated objective of a peaceful election. The Ambassador had called on all

LILONGWE 00000122 004.2 OF 005

stakeholders to take a proactive steps to ensure peaceful elections and publicly announce their commitment to the same. President Mutharika responded that while he was grateful for the Ambassador's public support in this regard, peaceful elections were not enough. He and his government were committed to free, fair and credible elections. It was his goal to have as many international election observers as possible present on election day, but that in order for these observers to truly make a difference they should arrive early and spend as much time in Malawi as possible. The Ambassador underscored the steps the Mission had taken to support elections. The Ambassador noted that it was likely that the National Democratic Institute (NDI) would provide technical assistance in the election process. President Mutharika welcomed this development, and remarked that NDI was a known

quantity in Malawi. Their work was respected, he added. The Ambassador further noted that despite its recent accounting problems, the Malawi Electoral Commission (MEC) had made substantial progress in managing the electoral process. He indicated that the USG would continue to support its efforts and that NDI might assist the MEC as well as local NGOs observing the election.

¶15. (C) President Mutharika responded that he was grateful for all the assistance we had provided to the MEC thus far. He understood that the MEC might still be short of funding and that the donor community might indeed expect requests for additional funding. Mutharika reiterated his commitment to a free, fair and credible election by stating that, as Head of State it was his personal responsibility to see that this indeed happened. He noted that in accordance with requests from African Union representatives former Presidents Kufour and Chissano, he would meet with the opposition candidates. He had already agreed to do so and that this meeting was likely to take place the following weekend. He stated that he had always welcomed such a meeting and did not know why it was an issue.

¶16. (C) President Mutharika then expressed his exasperation at the large number of independent candidates. He stated that he believed it was the weak nature and lack of discipline within the opposition parties that led to a disproportionate number of independent candidates. As an example, he cited James Nyondo, a religious leader with a great deal of support from church communities in the United States. Mutharika complained about the level of foreign funding Nyondo was receiving and said the high number of independent candidates posed a threat to Malawi's multi-party democracy. He bemoaned that fact that many Malawian politicians were not motivated by a sense of public service, but rather but by a desire for access to public monies.

COMMENT

¶17. (C) This frank and productive exchange was a useful reminder for President Mutharika of the broad range of assistance that the USG provides to Malawi, and of the importance of our bilateral relationship. The President's willingness to engage in the discussion was an indication of his desire to maintain a positive working relationship with the United States. This is significant given the Ambassador's last meeting with Mutharika, when the Ambassador was summoned with other donor partners (reftel) for an acrimonious and unproductive meeting about donor involvement in the election. This week's friendly, frank session had a very different feel, and provided feedback that will facilitate progress on a number of key issues -- particularly if President Mutharika wins another term.

¶18. (C) The USG has a tremendous opportunity in Malawi. As a young democracy, its institutions are being challenged and the social problems it faces are significant. Despite all this, Malawi's problems are all tractable. With a concerted effort, we can help the GOM hold a free, fair and credible election. If post receives planned increases in FY 2010 funding for economic growth, we can assist Malawi to generate wealth and prosperity for its citizens. Two additional areas we need to prioritize are family planning and human capacity development. Without a reinvigorated, serious approach on these fronts, our success in other areas will be limited at best. Despite its challenges, including contentious elections this month, Malawi holds the potential to become a notable African success over the next several years. We

LILONGWE 00000122 005.2 OF 005

should not miss this limited window of opportunity. End
Comment.
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